



County of San Bernardino

F A S

CONTRACT TRANSMITTAL

**FOR COUNTY USE ONLY**

<input checked="checked" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	Vendor Code	SC	Dept.	A	Contract Number
County Department Real Estate Services		Dept.	Orgn.	Contractor's License No.	
County Department Contract Representative DAVID H. SLAUGHTER, Director		Telephone 387-7813		Total Contract Amount	
Contract Type <input type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Incompletable <input type="checkbox"/> Other					
If not encumbered or revenue contract type, provide reason:					
Commodity Code		Contract Start Date	Contract End Date	Original Amount	Amendment Amount
Fund AAA	Dept. RNT	Organization RNT	Appr. 200	Obj/Rev Source 2905	GRC/PROJ/JOB No. N31843
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.
Project Name <b>San Bdn - In-Home Supportive Services</b>			Estimated Payment Total by Fiscal Year		
			FY	Amount	I/D

CONTRACTOR ARROWHEAD PROFESSIONAL CENTER, L.P.

Federal ID No. or Social Security No.

Contractor's Representative SAME AS ABOVE

Address 30430 REMINGTON ROAD, CASTAIC, CA 91384 Phone \_\_\_\_\_

Nature of Contract: *(Briefly describe the general terms of the contract)*

This Lease Contract is for a period of five (5) years with five (5) one-year options to extend. Leased premises consist of 4,383 square feet with build-to-suit offices. Rental is \$1.25 per square foot per month.

LANDLORD shall provide all interior and exterior maintenance to include grounds, parking maintenance and exterior lighting. LANDLORD to pay water, sewer, trash and all other utilities. The **Public Authority** to provide its own telephone service including pay telephones, vending machines.

*(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)*

Approved as to Legal Form (sign in blue ink) <b>SEE SIGNATURE PAGE</b>	Reviewed as to Contract Compliance	Reviewed for Processing
County Counsel Date _____	► Date _____	► Agency Administrator/CAO Date _____



**SAN BERNARDINO COUNTY  
IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY**

**LEASE AGREEMENT**

**LANDLORD:** ARROWHEAD PROFESSIONAL CENTER, L.P.  
30430 Remington Road  
Castaic, CA 91384

**PUBLIC AUTHORITY:** 600 North Arrowhead Avenue  
San Bernardino, CA

**PREMISES:** 600 North Arrowhead Avenue  
San Bernardino, CA

**TERM OF LEASE:** Five (5) years with five (5) one-year options

**COMMENCEMENT DATE OF LEASE:** April 1, 2003

**COST PER SQUARE FOOT:** \$1.25 per square foot - full service

**PUBLIC AUTHORITY CONTRACT NUMBER:**

REV: 07/11/02 (110568.10)

**TYPED: 2/5/2003**

## TABLE OF CONTENTS

<b>PARAGRAPH</b>	<b>CAPTION</b>	<b>PAGE</b>
1	PARTIES	1
2	PREMISES LEASED	1
3	TERM	1
4	RENT	2
5	OPTION TO EXTEND TERM	3
6	RETURN OF PREMISES	4
7	HOLDING OVER	4
8	TAXES	4
9	USE	4
10	HEALTH, SAFETY & FIRE CODE REQUIREMENTS	4
11	SIGNS	5
12	MAINTENANCE	5
13	ALTERATIONS	7
14	FIXTURES	7
15	UTILITIES	7
16	HOLD HARMLESS	7
17	INSURANCE	8
18	DESTRUCTION OF PREMISES	10
19	LANDLORD'S DEFAULT	11
20	AUTHORITY REMEDIES ON LANDLORD'S DEFAULT	11
21	PUBLIC AUTHORITY DEFAULT	12
22	LANDLORD'S REMEDIES ON AUTHORITY'S DEFAULT	12
23	LANDLORD'S ACCESS TO PREMISES	13
24	NOTICES	13
25	INCORPORATION OF PRIOR AGREEMENT	14
26	WAIVERS	14
27	AMENDMENTS	15
28	SUCCESSORS	15
29	SEVERABILITY	15
30	TIME OF ESSENCE	15
31	QUIET ENJOYMENT	15
32	PROVISIONS ARE COVENANTS & CONDITIONS	15
33	CONSENT	15
34	EXHIBITS	15
35	LAW	15
36	VENUE	15
37	ATTORNEYS' FEES AND COSTS	15
38	JURY TRIAL WAIVER	16
39	PUBLIC AUTHORITY RIGHT TO TERMINATE LEASE	16
40	LANDLORD'S IMPROVEMENTS	17
41	CAPTIONS, TABLE OF CONTENTS & COVER PAGE	17

## TABLE OF CONTENTS

Continued

42	SURVIVAL	17
43	FORMER COUNTY OFFICIALS	17
44	BROKER'S COMMISSIONS	
18		
45	ESTOPPEL CERTIFICATES	18
46	SUBORDINATION AND ATTORNMENT	18
47	HAZARDOUS SUBSTANCES	19
48	PUBLIC RECORDS DISCLOSURE	20
49	CONDITIONS OF PREMISES	20
50	CONDEMNATION	20
51	ASSIGNMENT AND SUBLETTING	21
52	SECURITY	23
53	AUTHORIZED SIGNATORS	23
54	INTERPRETATIONS	23
55	MATERIAL MISREPRESENTATION	24

Exhibit A, Premises Specifications

Exhibit B, Licensed Janitorial and Maintenance Contractor Services

Exhibit C, List of Former County Officials

Exhibit D, Estoppel Certificate

Exhibit E, Subordination, Non-disturbance and Attornment Agreement

## LEASE AGREEMENT

1. **PARTIES:** This lease ("Lease") is made between ARROWHEAD PROFESSIONAL CENTER, L.P. ("LANDLORD"), and the SAN BERNARDINO COUNTY IN-HOME SUPPORTIVE SERVICES PUBLIC AUTHORITY of San Bernardino ("PUBLIC AUTHORITY"), who agree as follows:

2. **PREMISES LEASED:** LANDLORD leases to the PUBLIC AUTHORITY and PUBLIC AUTHORITY leases from LANDLORD 4,383 square feet of building, real property, and other improvements, with one (1) assigned parking space located in the covered parking area, identified by signage adjoining the Premises, and unassigned spaces in the non-covered parking lot, including handicapped parking, located at 600 North Arrowhead Avenue, San Bernardino, California ("Premises"), as described in Exhibit "A", Premises Specifications.

3. **TERM:**

a. **Initial Term.** The Lease's initial term ("Initial Term") shall commence on April 1, 2003 ("Commencement Date") and end on March 31, 2008 ("Ending Date"), provided that all Improvements to be constructed by LANDLORD pursuant to **Paragraph 40, LANDLORD's IMPROVEMENTS**, are substantially completed and are accepted by PUBLIC AUTHORITY. For the purposes of this Lease, "Substantially Completed" shall mean that the Premises can be used for their intended purposes and have been certified for occupancy by the entity that issued the building permits, notwithstanding those minor corrections and/or additions remain to be completed, it being understood that LANDLORD shall promptly complete said corrections and/or additions. In the event the term commences prior to the Commencement Date as the result of PUBLIC AUTHORITY's election under **subparagraph 3c, Early Possession**, the Ending Date shall not be changed. If LANDLORD is unable to Substantially Complete the Improvements or delivers possession of the Premises by the Commencement Date, PUBLIC AUTHORITY shall not be liable for any rent and this Lease shall not commence until LANDLORD Substantially Completes the Improvements and delivers possession of the Premises to PUBLIC AUTHORITY. Any such delay in possession shall not affect the Ending Date.

b. **Early Access.** LANDLORD shall allow the PUBLIC AUTHORITY early access ("Early Access") to the Premises at any time prior to the Commencement Date for the purpose of the PUBLIC AUTHORITY or its representatives installing communications equipment, modular furniture, alarms and such other items that the PUBLIC AUTHORITY may reasonably desire and to inspect the status of the construction of the Improvements for the Premises. PUBLIC AUTHORITY shall exercise its Early Access rights at a time and in a manner that will not unreasonably interfere with LANDLORD's construction of the Improvements. If PUBLIC AUTHORITY totally or partially occupies the Premises under this Early Access provision prior to the Commencement Date, the obligation to pay rent shall be abated for the period of the Early Access. All other terms of this Lease shall, however, be in effect during such period. Any such Early Access shall not affect the Commencement Date or the Ending Date.

c. **Early Possession.** The PUBLIC AUTHORITY may elect to totally or partially take possession of the Premises at any time prior to the scheduled Commencement Date ("Early Possession"). PUBLIC AUTHORITY shall exercise its Early Possession rights at a time and in a

manner that will not unreasonably interfere with LANDLORD's construction of the Improvements. If PUBLIC AUTHORITY totally or partially takes possession of the Premises under this Early Possession provision prior to the Commencement Date, the obligation to pay rent for only that portion of the Premises possessed shall commence for the period of such Early Possession. Such Early Possession shall not be considered as the PUBLIC AUTHORITY'S acceptance of any portion of the Improvements as Substantially Completed. The PUBLIC AUTHORITY may vacate all or any portion it has possessed as Early Possession without in any manner affecting the Commencement Date, the Ending Date or any other portion of the Lease. All other terms of this Lease shall, however, be in effect during such period. Any such Early Possession shall not affect the Commencement Date or the Ending Date.

d. Delay in Possession. LANDLORD agrees to use all commercially reasonable efforts to deliver possession of the Premises with all of the Improvements Substantially Completed to PUBLIC AUTHORITY by the Commencement Date. If as a result of causes beyond LANDLORD's reasonable control, LANDLORD is unable to deliver possession as agreed, this Lease shall not be voidable, nor shall such failure affect the validity of this Lease. If possession is not delivered within ninety (90) days after the Commencement Date, PUBLIC AUTHORITY can elect to terminate this Lease by giving written notice to LANDLORD at any time within ten days after the expiration of the ninety-day period. If PUBLIC AUTHORITY elects to terminate this Lease pursuant to this provision, PUBLIC AUTHORITY and LANDLORD shall be discharged of all obligations under this Lease.

4. **RENT:**

a. PUBLIC AUTHORITY shall pay to LANDLORD the following monthly rental payments in arrears on the last day of each month, commencing when the term commences, continuing during the term:

Lease Commencement thru March 31, 2004 – with monthly payments of \$5,479.00.

April 1, 2004 thru March 31, 2005 – with monthly payments of \$5,643.00.

April 1, 2005 thru March 31, 2006 – with monthly payments of \$5,812.00.

April 1, 2006 thru March 31, 2007 – with monthly payments of \$5,987.00.

April 1, 2007 thru March 31, 2008 – with monthly payments of \$6,166.00.

b. Rent for any partial month shall be prorated based on the actual number of days of the month. All rent shall be paid to LANDLORD at the address to which notices to LANDLORD are given.

c. If the PUBLIC AUTHORITY has accepted the Premises as Substantially Completed with minor corrections and/or additions remaining to be completed, only eighty percent (80%) of the monthly rental will be paid to LANDLORD, and the remaining twenty percent (20%) of the monthly rental will accrue from the Commencement Date of this Lease but will not be paid to LANDLORD until all such minor corrections and/or additions have been completed and accepted by PUBLIC AUTHORITY. If the PUBLIC AUTHORITY withholds monthly rental payments under this subparagraph, the PUBLIC AUTHORITY will not be in default and no interest or service charges will be added to the amounts due LANDLORD upon completion of the minor corrections and/or additions. The minor corrections and/or additions remaining to be completed are subject to **subparagraph 12b, MAINTENANCE.**

d. PUBLIC AUTHORITY hereby acknowledges that late payment of any rent would cause LANDLORD to incur costs not contemplated by this Lease, the exact amount of which would be extremely difficult to ascertain. These costs include, but are not limited to, processing and accounting charges and late charges that might be imposed on LANDLORD by the terms of any trust deed covering the property of which the Premises are a part. Accordingly, if any rent or other sum due from PUBLIC AUTHORITY is not received by LANDLORD within 10 days of the due date, then, without any requirement of notice to PUBLIC AUTHORITY, it shall pay to LANDLORD a late charge equal to 10% of the overdue rent amount. The parties hereby agree that this late charge represents a fair and reasonable estimate of the cost LANDLORD would incur by reason of late payment. Acceptance of a late charge shall not constitute a waiver of the default with respect to the overdue amount, and shall not prevent LANDLORD from exercising any of the other right and remedies granted by this Lease or by applicable law.

5. **OPTION TO EXTEND TERM:**

a. LANDLORD gives PUBLIC AUTHORITY the option to extend the term of the Lease on the same provisions and conditions, except for the monthly rent, for five (5) one-year periods ("extended terms") following expiration of the initial term, by PUBLIC AUTHORITY giving notice of its intention to exercise the option to LANDLORD not less than 180 days, and not more than 240 days, prior to the expiration of the then current term. PUBLIC AUTHORITY may advance the exercise of available extended terms, which shall have the effect of extending the existing term by more than one year. The rent for each extended term shall be adjusted by good faith negotiation of the parties to the fair market rental rate then prevailing based upon the actual rental rates for other tenants in the building of which the Premises are a part and the rental rates of comparable leased property in San Bernardino. If the parties for any reason have not agreed upon the said fair market rental rate within 14 days after Public Authority's notice exercising an option to extend the then current term, said fair market rental rate shall be determined through arbitration conducted by a single arbitrator in accordance with the Commercial Arbitration Rules of the American Arbitration Association ('AAA'), on the following conditions: (i) PUBLIC AUTHORITY shall commence the arbitration within 21 days after the expiration of the 14 day negotiation period; (ii) if either party fails to cooperate in appointing a single arbitrator, or the parties for any reason fail to agree to the identity of the arbitrator, then the AAA shall appoint the arbitrator forthwith; and (iii) the arbitrator shall determine the rental rate within 30 days after being appointed. If the PUBLIC AUTHORITY does not give notice of exercise, or does not commence the arbitration, as stated above, then this Lease shall expire at the end of the then current term. If the PUBLIC AUTHORITY gives notice of exercise and commences the arbitration, as stated above, and the arbitrator does not determine the rental rate within 30 days after being appointed, the lease shall continue on the same terms and conditions as exist during the then current term until the arbitrator determines the rental rate applicable to the option period. If the fair market rental rate is determined by arbitration, the PUBLIC AUTHORITY has the right to terminate the Lease by giving termination notice to the LANDLORD within thirty (30) days of being notified of the new fair market rental rate.

b. The negotiations and any dispute resolution method used will be guided by the fact that the monthly rent in **Paragraph 4, RENT**, includes amounts for basic rent for space and payment for building Improvements made by LANDLORD under **Paragraph 40, LANDLORD'S IMPROVEMENTS**. The basic rent for space starts at One Dollar and Twenty-five Cents (\$1.25)



per square foot and increases at the rate of three percent (3%) per year to the rate of One Dollar and Forty-one Cents (\$1.41) per square foot during the final year of the initial 5-year term. The negotiated/arbitrated rent similarly shall be based upon the basic rental rate for space.

6. **RETURN OF PREMISES:** The PUBLIC AUTHORITY agrees that it will, upon any termination of this Lease, return the Premises in as good condition and repair as the Premises now are or shall hereafter be put; reasonable wear and tear excepted.

7. **HOLDING OVER:** In the event the PUBLIC AUTHORITY shall hold over and continue to occupy the Premises with the consent of the LANDLORD, expressed or implied, the tenancy shall be deemed to be a tenancy from month-to-month upon the same terms and conditions, including rent, as existed and prevailed at the time of the expiration of the term of this Lease, but with the monthly rental amount increased by 5%.

8. **TAXES:** LANDLORD shall pay all real property taxes, and general and special assessments levied and assessed against the Premises.

9. **USE:** PUBLIC AUTHORITY shall occupy and use the Premises during the term hereof for the purposes of PUBLIC AUTHORITY business.

10. **HEALTH, SAFETY AND FIRE CODE REQUIREMENTS:** As a condition precedent to the existence of this Lease, LANDLORD, at its sole expense will ensure the Premises meet the applicable requirements of the Health, Safety, Fire and Building Codes for public and governmental buildings, including any requirements for a notice of completion, certificate of occupancy and the Americans with Disabilities Act ("ADA"). Additionally, LANDLORD warrants that any improvements on or in the Premises which have been constructed or installed by LANDLORD or with LANDLORD's consent or at LANDLORD's direction shall comply with all applicable covenants or restrictions of record and applicable building codes, regulations and ordinances in effect on the Commencement Date. LANDLORD also warrants to PUBLIC AUTHORITY that LANDLORD has no knowledge of any claim having been made by any governmental agency that a violation or violations of applicable building codes, regulations, or ordinances exist with regard to the Premises as of the Commencement Date. Further, LANDLORD shall ensure that all computer controlled Premises components (except those owned by the PUBLIC AUTHORITY, if any) are Year 2000 compliant prior to acceptance of the Premises for occupancy by the PUBLIC AUTHORITY. The LANDLORD must verify compliance by physical testing and/or written confirmation from the component and/or systems manufacturer. "Computer controlled Premises components" refers to software driven technology and embedded microchip technology. This includes, but is not limited to, programmable thermostats, HVAC controllers, auxiliary elevator controllers, utility monitoring and control systems, fire detection and suppression systems, alarms, security systems and any other Premises control systems utilizing microcomputer, minicomputer, or programmable logic controllers. "Year 2000 compliant" means computer controlled Premises components that accurately process date/time data (including, but not limited to, calculating, comparing, and sequencing) from, into, and between the twentieth and twenty-first centuries, and the years 1999 and 2000 and leap year calculations. Should the continued occupancy of the leased Premises be in any way prejudiced or prevented due to changes in the ADA or the Health, Safety or Fire Codes for Public Buildings, the LANDLORD herein shall correct, update and comply with said changes at LANDLORD's cost. Upon completion of repair/replacement to effect Year 2000 compliance, the LANDLORD shall verify compliance by physical testing and/or written

confirmation from the component and/or systems manufacturer and advise the PUBLIC AUTHORITY that such replacement components have been verified as compliant.

11. **SIGNS:** PUBLIC AUTHORITY will display from the windows and/or marquee of the Premises only such sign or signs as are not prohibited by law with LANDLORD's prior review and written approval.

12. **MAINTENANCE:**

a. LANDLORD at its cost shall perform such inspections, maintenance and repairs as are necessary to ensure that all portions of the Premises including the Improvements listed in Exhibit A including but not limited to the following, are at all times in good repair and safe condition:

(1) The structural parts of the building and other improvements that are a part of the Premises, which structural parts include the foundations, bearing and exterior walls (including glass and doors), subflooring, and roof; and,

(2) The electrical, plumbing, and sewage systems, including, without limitation, those portions of the systems owned or controlled by LANDLORD lying outside the Premises; and,

(3) Window frames, gutters, and downspouts on the building and other improvements that are a part of the Premises; and,

(4) Heating, ventilation and air conditioning (HVAC) systems servicing the Premises additionally, air-conditioning and heating filters are to be changed quarterly. Upon commencement of this lease agreement and every three (3) years thereafter, LANDLORD is to provide an air balance certificate and maintenance of HVAC servicing); and,

(5) The grounds, including all parking areas and outside lighting, grass, trees, shrubbery and other flora; and,

(6) The servicing of fire extinguishers or any other fire suppression equipment attached to the facility; and,

(7) Interior maintenance janitorial services must be performed in a workman-like manner by a licensed and qualified independent janitorial contractor, and are to include but are not limited to the items set forth in Exhibit "B", Janitorial Services. LANDLORD shall perform interior maintenance and janitorial services at a time and in a manner that will cause the least possible inconvenience, annoyance, or disturbance to PUBLIC AUTHORITY.

(8) During the third year of the term and at the beginning of every third year thereafter, replace the carpet throughout the facility, meeting the same criteria as originally described in Exhibit A, Premises Specifications; and,

(9) During the third year of the initial term and at the beginning of every third year thereafter, repaint the interior of the facility, meeting the same criteria as originally described in Exhibit A, Premises Specifications;

(10) The obligations of LANDLORD under the immediately preceding subparagraphs (8) and (9) shall apply only if there are at least two (2) years remaining on the then current term of the Lease as a result of any remaining term or the advance exercise by PUBLIC AUTHORITY of extension options. The advance exercise of extension options shall be effective only if the rent for the extended term(s) has been established under Paragraph 5.;

(11) If the LANDLORD has completed the re-carpeting for PUBLIC AUTHORITY under subparagraph (8), the LANDLORD shall be entitled to be reimbursed for that portion of the re-carpeting which have been completed and which have not been amortized on the date of termination; and,

b. Without in any way affecting LANDLORD's duty to inspect, maintain and repair the Premises and regardless of whether any specific notice of need for maintenance or repair is provided to LANDLORD by the PUBLIC AUTHORITY, the PUBLIC AUTHORITY may request specific maintenance or repairs. Any such request may be made orally, by telephone or otherwise. If, (a) PUBLIC AUTHORITY gives notice to LANDLORD of a condition requiring maintenance or repairs, and LANDLORD does not commence the performance of its maintenance or repair obligations within ten (10) days of receiving such notice, or does not diligently prosecute its obligations to completion thereafter, or (b) in the case of an emergency, whether or not PUBLIC AUTHORITY has given notice to LANDLORD, LANDLORD does not immediately perform its obligations, and if the emergency or non-emergency request involves the functioning of the special interior doors, which operate by contact and are being installed by PUBLIC AUTHORITY as part of its Improvements, then PUBLIC AUTHORITY may perform the obligations and have the right to be reimbursed for the sum PUBLIC AUTHORITY actually and reasonably expends (including charges for PUBLIC AUTHORITY employees and equipment) in the performance of LANDLORD's obligations. The sum expended by PUBLIC AUTHORITY shall be due from LANDLORD to PUBLIC AUTHORITY within five (5) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate the PUBLIC AUTHORITY is permitted by law to charge from the date the sum was paid by PUBLIC AUTHORITY until PUBLIC AUTHORITY is reimbursed by LANDLORD. If LANDLORD fails to reimburse PUBLIC AUTHORITY as required by this paragraph, PUBLIC AUTHORITY shall have the right to withhold from future rent due the sum PUBLIC AUTHORITY has paid until PUBLIC AUTHORITY is reimbursed in full for the sum and interest on it. PUBLIC AUTHORITY shall forward to LANDLORD receipts and/or documentation supporting the amount withheld.

13. **ALTERATIONS:** PUBLIC AUTHORITY shall not make any structural or exterior improvements or alterations to the Premises, or any alteration or repair to any building system or to lighting, without LANDLORD's prior written consent. Any such alterations shall remain on and be surrendered with the Premises on expiration or termination of the Lease.

14. **FIXTURES:** PUBLIC AUTHORITY shall have the right during the term(s) of this Lease to install shelving and fixtures, and make interior, non-structural improvements or alterations in the Premises. Such shelving, fixtures, improvements, and alterations shall remain the property of the PUBLIC AUTHORITY and may be removed by the PUBLIC AUTHORITY during the term(s) of this Lease or within a reasonable time thereafter, provided that the PUBLIC AUTHORITY restores the Premises to the condition as it existed at the commencement of this Lease, reasonable wear and tear excluded, or the PUBLIC AUTHORITY in its sole discretion may elect to surrender all or any part of

such shelving, fixture, improvements and alterations to the LANDLORD, in which case PUBLIC AUTHORITY shall have no duty to restore the Premises. Any such election to surrender must be in writing, but need not be accepted by LANDLORD to be effective.

15. **UTILITIES:** LANDLORD shall furnish to the Premises and pay all service charges and related taxes for electric, gas, water, sewer, trash, fire alarm service and all other utilities. PUBLIC AUTHORITY shall furnish and pay for security, vending machines and its own telephone service including pay telephones.

16. **HOLD HARMLESS:**

a. LANDLORD acknowledges that the PUBLIC AUTHORITY is an independent legal entity, separate and apart from the County of San Bernardino ("County"). The PUBLIC AUTHORITY has no power to bind the County to any contractual or legal obligations, nor may the obligees of the PUBLIC AUTHORITY seek recourse against the County for any financial or legal obligations of the PUBLIC AUTHORITY.

b. The LANDLORD agrees to indemnify, defend (with counsel approved by PUBLIC AUTHORITY) and hold harmless the PUBLIC AUTHORITY, its authorized officers, agents, volunteers and employees, from any and all claims, demands, actions, losses, damages, liability, and/or for any costs or expenses incurred by the PUBLIC AUTHORITY arising out of: (a) any improvements constructed by the LANDLORD pursuant to the Lease; (b) the LANDLORD's acts and omissions in connection with its ownership of the property; (c) the use of common areas and leasehold spaces other than the Premises; and (d) toxic waste and environmental contamination not resulting from the PUBLIC AUTHORITY's use of the Premises, except where such indemnification is prohibited by law. The LANDLORD's indemnification obligation applies to the PUBLIC AUTHORITY's "active" as well as "passive" negligence, but does not apply to the PUBLIC AUTHORITY's "sole negligence" or "willful misconduct" within the meaning of Civil Code section 2782. The LANDLORD's indemnification obligation shall survive the PUBLIC AUTHORITY's tenancy. The insurance provisions in **Paragraph 17, INSURANCE**, shall not be interpreted in a manner that limits the indemnification obligation.

c. The PUBLIC AUTHORITY agrees to indemnify and hold harmless the LANDLORD, and its officers, employees, agents and volunteers from any and all damages for injury to persons and damage to property arising out the sole negligence of the PUBLIC AUTHORITY, its officers, employees, agents, or volunteers in connection with this contract.

d. In the event PUBLIC AUTHORITY and/or the LANDLORD is found to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under the Lease, the PUBLIC AUTHORITY and/or LANDLORD shall indemnify the other to the extent of its comparative fault.

e. Furthermore, if the PUBLIC AUTHORITY or LANDLORD attempts to seek recovery from the other for Workers' Compensation benefits paid to an employee, the PUBLIC AUTHORITY and LANDLORD agree that any alleged negligence of the employee shall not be construed against the employer of that employee.

17. **INSURANCE:**

a. Without in any way affecting the indemnity herein provided and in addition thereto, the LANDLORD shall secure and maintain throughout the Lease the following types of insurance with limits as shown:

(1) Workers' Compensation: A program of Workers' Compensation insurance or a state-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with Two Hundred Fifty Thousand and 00/100 Dollars (\$250,000.00) limits, covering all persons providing services on behalf of the LANDLORD and all risks to such persons under this agreement.

If LANDLORD has no employees, it may certify or warrant to PUBLIC AUTHORITY that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the PUBLIC AUTHORITY will waive the requirement for Workers' Compensation coverage.

If LANDLORD is a non-profit corporation organized under California or Federal law, volunteers for the LANDLORD are required to be covered by Workers' Compensation insurance. If the PUBLIC AUTHORITY determines that there is no reasonably priced coverage for volunteers, evidence of participation in a volunteer insurance program may be substituted.

(2) Comprehensive General Liability Insurance: The policy shall insure LANDLORD and shall have combined single limits for bodily injury and property damage of not less than One Million and 00/100 Dollars (\$1,000,000.00).

(3) Fire Insurance: Standard fire and extended coverage insurance, with vandalism and malicious mischief endorsements to the extent of at least sixty percent (60%) of the full replacement value of the Premises.

b. PUBLIC AUTHORITY, at its own expense, shall obtain and keep in force during the term of this Lease a policy of Comprehensive General Liability Insurance in an amount of not less than \$1,000,000.00 and shall insure PUBLIC AUTHORITY against liability arising out of the use, occupancy, or maintenance of the Premises. PUBLIC AUTHORITY shall deliver to LANDLORD copies of liability insurance policies required under this subparagraph, or certificates evidencing the existence and amounts of coverage, within seven days after the Commencement Date. No such policy shall be cancelable or subject to reduction of coverage or other modification except after thirty days written notice to LANDLORD. PUBLIC AUTHORITY shall deliver to LANDLORD copies of replacement policies or certificates of replacement insurance at least thirty days before the expiration of any such policy.

c. Waiver of Subrogation Rights: Each party hereby releases and relieves the other, and waives its entire right of recovery against the other, for direct or consequential loss or damage to the perils covered by property insurance carried by it, whether due to the negligence of either party or its agents, employees, contractors, or invitees. All property insurance policies shall comply with this subparagraph.

d. All policies, except for Workers' Compensation shall contain additional endorsements naming the PUBLIC AUTHORITY and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of this agreement.

e. Policies Primary and Non-Contributory: All policies required above are to be primary and non-contributory with any insurance carried by the PUBLIC AUTHORITY.

f. Proof of Coverage: LANDLORD shall immediately furnish certificates of insurance to PUBLIC AUTHORITY, evidencing the insurance coverage, including endorsements, above required prior to occupying the Premises and the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the PUBLIC AUTHORITY, and LANDLORD shall maintain such insurance from the time of occupancy and commencement of performance of services hereunder until the completion of such occupancy. Within sixty (60) days of the commencement of this agreement, the LANDLORD shall furnish certified copies of the policies and all endorsements.

g. Insurance Review: The above insurance requirements are subject to periodic review by the PUBLIC AUTHORITY. The PUBLIC AUTHORITY is authorized, but not required, to reduce or waive any of the above insurance requirements whenever it determines that any of the above insurance is not available, is unreasonably priced, or is not needed to protect the interests of the PUBLIC AUTHORITY. In addition, if the Public Authority determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, it is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the PUBLIC AUTHORITY, inflation, or any other item reasonably related to the PUBLIC AUTHORITY's risk. Any such reduction or waiver for the entire term of the agreement and any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this agreement. LANDLORD agrees to execute any such amendment within thirty (30) days of receipt.

h. Failure to Have Insurance: In the event PUBLIC AUTHORITY receives a notice of cancellation concerning any of the required policies, or should LANDLORD fail to have in effect the required coverage at any time during this Lease, PUBLIC AUTHORITY may give notice to LANDLORD to immediately suspend all LANDLORD activities on the Premises and/or notice to reinstate or acquire the affected coverage. Should LANDLORD fail to reinstate or acquire the affected coverage within ten (10) days of PUBLIC AUTHORITY'S notice to reinstate or acquire such coverage, PUBLIC AUTHORITY, in its sole discretion, may either; (a) terminate this Lease immediately upon written notice to LANDLORD, or, (b) reinstate or acquire the affected coverage, in which case LANDLORD shall reimburse PUBLIC AUTHORITY for the sum paid to reinstate or acquire the coverage. The sum paid by PUBLIC AUTHORITY shall be due from LANDLORD to PUBLIC AUTHORITY within five (5) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate the PUBLIC AUTHORITY is permitted by law to charge from the date the sum was paid by PUBLIC AUTHORITY until PUBLIC AUTHORITY is reimbursed by LANDLORD. If LANDLORD fails to reimburse PUBLIC AUTHORITY as required by this paragraph, PUBLIC AUTHORITY shall have the right to withhold from future rent due the sum PUBLIC AUTHORITY has paid until PUBLIC AUTHORITY is reimbursed in full for the sum and interest on it. The remedies set forth in this paragraph are in addition to and do not in any manner limit

other remedies set forth in particular paragraphs of this Lease. PUBLIC AUTHORITY shall forward to LANDLORD receipts and/or documentation supporting the amount withheld.

- i. Each party is responsible for any premiums charged to it for such coverage(s).

18. **DESTRUCTION OF PREMISES:**

a. During the term of this Lease, if any casualty renders a portion of the Premises unusable for the purpose intended, then LANDLORD shall, at LANDLORD's expense, restore the Premises and repair any damages caused by such casualty as soon as reasonably possible and this Lease shall continue in full force and effect. If LANDLORD does not commence the restoration of the Premises in a substantial and meaningful way within thirty (30) days following the LANDLORD's receipt of written notice of the casualty, or should LANDLORD fail to diligently pursue completion of the restoration of the Premises, or if the time required to restore the Premises is estimated to exceed ninety (90) days, PUBLIC AUTHORITY may, at its option, terminate this Lease immediately upon written notice to the LANDLORD. If PUBLIC AUTHORITY elects to terminate this Lease pursuant to this provision, PUBLIC AUTHORITY shall be discharged of all future obligations under this Lease. For the purposes of this paragraph, the phrase "commence . . . in a substantial and meaningful way" shall mean either the unconditional authorization of the preparation of the required plans, the issuance of any required Building Permits or the beginning of the actual work on the Premises.

b. In the event there is a destruction of a portion of the Premises as set out in **subparagraph a above**, there shall be an abatement or reduction of the rent between the date of destruction and the date of completion of restoration or the date of termination of this Lease, whichever comes first. The abatement or reduction of the rent shall be in proportion to the degree to which PUBLIC AUTHORITY'S use of the Premises is impaired.

c. In the event there is a destruction of a portion of the Premises as set out in **subparagraph a**, above, and the Lease is not terminated because of such destruction, LANDLORD agrees to use any and all insurance proceeds received for said destruction in the restoration of the Premises.

d. In the event LANDLORD is required to restore the Premises as provided in this paragraph, LANDLORD shall restore, at LANDLORD's expense, any structural or exterior improvements or alterations to the Premises made by PUBLIC AUTHORITY pursuant to **Paragraph 13, ALTERATIONS**, of this Lease, but shall not be responsible for restoring any shelving, fixtures, or interior nonstructural improvements or alteration made by the PUBLIC AUTHORITY pursuant to **Paragraph 14, FIXTURES**, of this Lease.

e. It is the purpose and intent of this paragraph to determine who shall bear the initial responsibility for restoration of the Premises in the event of any such destruction and not to determine the party ultimately responsible for the costs of such restoration.

f. If LANDLORD restores the Premises, PUBLIC AUTHORITY promptly shall cooperate with it in connection with the restoration, including, but not limited to, the approval and, if required, the execution of plans and specifications.

19. **LANDLORD'S DEFAULT:** Except where another time limit is specifically provided, LANDLORD shall be in default of this Lease if LANDLORD fails or refuses to perform any material provisions of this Lease and such failure or refusal to perform is not cured within thirty (30) days following LANDLORD's receipt of written notice of default from PUBLIC AUTHORITY. If the default cannot reasonably be cured within thirty (30) days, LANDLORD shall not be in default of this Lease if LANDLORD commences to cure the default within the thirty (30) day period and diligently and in good faith continues to cure the default or, within thirty (30) days of the expiration of said time provided to LANDLORD to cure, the mortgagee or trust deed beneficiary commences to cure the default and diligently and in good faith continues to cure the default, including without limitation any time required for any such mortgagee or trust deed beneficiary to obtain possession of the Premises through foreclosure or otherwise, if such possession is required to cure such default. If PUBLIC AUTHORITY has received written notice from any mortgagee or trust deed beneficiary with an interest in any encumbrance affecting LANDLORD's interests in the Premises, which notice includes an address to which notices are to be delivered, PUBLIC AUTHORITY agrees to provide such mortgagee or trust deed beneficiary with notice of LANDLORD's default.

20. **PUBLIC AUTHORITY'S REMEDIES ON LANDLORD'S DEFAULT:** PUBLIC AUTHORITY, at anytime after LANDLORD is in default (as defined in the immediately preceding paragraph), can terminate this Lease immediately upon written notice to LANDLORD or can cure the default at LANDLORD's cost. If PUBLIC AUTHORITY at any time, by reason of LANDLORD's default, pays any sum or does any act that requires the payment of any sum (including charges for PUBLIC AUTHORITY's employees and equipment), the sum paid by PUBLIC AUTHORITY shall be due from LANDLORD to PUBLIC AUTHORITY within five (5) days of notice of such sum, and if paid at a later date shall bear interest at the maximum rate the PUBLIC AUTHORITY is permitted by law to charge from the date the sum was paid by PUBLIC AUTHORITY until PUBLIC AUTHORITY is reimbursed by LANDLORD. If LANDLORD fails to reimburse PUBLIC AUTHORITY as required by this paragraph, PUBLIC AUTHORITY shall have the right to withhold from future rent due the sum PUBLIC AUTHORITY has paid until PUBLIC AUTHORITY is reimbursed in full for the sum and interest on it. The remedies set forth in this paragraph are in addition to and do not in any manner limit other remedies set forth in particular paragraphs of this Lease.

21. **PUBLIC AUTHORITY'S DEFAULT:** The occurrence of any one or more of the following events shall constitute a default and breach of this Lease by PUBLIC AUTHORITY:

a. The vacating for more than (30) thirty consecutive days or abandonment of the Premises by PUBLIC AUTHORITY.

b. The failure by PUBLIC AUTHORITY to perform any material provisions of this Lease to be performed by PUBLIC AUTHORITY, including the payment of rent, where such failure shall continue for a period of thirty (30) days after notice by LANDLORD to PUBLIC AUTHORITY; provided, however, that if the nature of PUBLIC AUTHORITY'S default is such that more than thirty (30) days are reasonably required for its cure, then PUBLIC AUTHORITY shall not be deemed to be in default if PUBLIC AUTHORITY commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion. The purpose of this notice requirement is to extend the notice requirements of the unlawful detainer statutes of California.

22. **LANDLORD'S REMEDIES ON PUBLIC AUTHORITY'S DEFAULT:**



a. In the event of any default by PUBLIC AUTHORITY, which is not cured by PUBLIC AUTHORITY, LANDLORD may, at its election, terminate this Lease by giving PUBLIC AUTHORITY (30) thirty days notice of termination. The purpose of this notice requirement is to extend the notice requirement of the unlawful detainer statutes of California. On termination of the Lease for default pursuant to this paragraph, LANDLORD shall have the right to recover from PUBLIC AUTHORITY only the following amounts for any and all damages, which may be the direct or indirect result of such default:

(1) The worth, at the time of the award, of the unpaid rent that has been earned at the time of termination of this Lease; and,

(2) The worth, at the time of the award, of the amount by which the unpaid rent that would have been earned after the date of termination of this Lease until the time of award exceeds the amount of the loss of rent that LANDLORD proves could not have been reasonably avoided; and,

(3) The worth, at the time of the award, of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of the loss of rent that LANDLORD proves could not have been reasonably avoided; and,

(4) Any other amount necessary to compensate LANDLORD for all detriment proximately caused by PUBLIC AUTHORITY'S default which LANDLORD proves could not have been reasonably avoided.

(5) "The worth, at the time of the award," as used in **subparagraphs a(1) and a(2)** of this paragraph, is to be computed by allowing interest at the maximum rate an individual is permitted by law to charge. "The worth, at the time of the award," as referred to in **subparagraph a(3)** of this paragraph, is to be computed by discounting the amount at the discount rate of the Federal Reserve Bank of San Francisco at the time of the award, plus one percent (1%).

b. Notwithstanding **subparagraph a**, above, on any termination of the Lease for default pursuant to this paragraph, the amount LANDLORD shall have the right to recover from PUBLIC AUTHORITY for any and all damages which may be the direct or indirect result of such default shall not exceed the amount LANDLORD would have been entitled to receive had the PUBLIC AUTHORITY terminated the Lease under **Paragraph 39, PUBLIC AUTHORITY'S RIGHT TO TERMINATE LEASE**.

23. **LANDLORD'S ACCESS TO PREMISES:** LANDLORD and its authorized representatives shall have the right to enter the Premises at all reasonable times for any of the following purposes:

a. To determine whether the Premises are in good condition; and,

b. To do any necessary maintenance and to make any restoration to the Premises that LANDLORD has the right or obligation to perform; and,

c. To serve, post, or keep posted any notices required by law; and,

d. To post "for sale" signs at any time during the term, to post "for rent" or "for Lease" signs during the last three (3) months of the term; and,

e. To show the Premises to prospective brokers, agents, buyers, tenants, lenders or persons interested in an exchange, at any time during the term. LANDLORD shall conduct its activities on the Premises as allowed in this paragraph in a manner that will cause the least possible inconvenience, annoyance, or disturbance to PUBLIC AUTHORITY.

24. **NOTICES:**

a. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by prepaid, first-class mail. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party shall be addressed to the other party at the address set forth below. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated two (2) working days from the time of mailing if mailed as provided in this paragraph.

LANDLORD's address:       ARROWHEAD PROFESSIONAL CENTER, L.P.  
30430 Remington Road  
Castaic, CA 91384

With a copy (which shall not constitute notice) to:

Robert L. Kehr  
Kehr, Schiff & Crane, LLP  
12400 Wilshire Blvd. 13<sup>th</sup> Fl.  
Los Angeles, CA 90025

PUBLIC AUTHORITY'S address:

Internal Services Group  
Real Estate Services Department  
825 East Third Street, Room 207  
San Bernardino, CA 92415-0832

With a copy (which shall not constitute notice) to:

Executive Director  
San Bernardino County In-Home Supportive Services  
Public Authority  
600 North Arrowhead Avenue  
San Bernardino, CA

b. If, at any time after the PUBLIC AUTHORITY accepts the Premises, the LANDLORD assigns or transfers a non-controlling interest of its rights in the Premises to a third party, LANDLORD must notify PUBLIC AUTHORITY of its action at least fifteen (15) working days prior to completing any such action.

c. If, at any time after the PUBLIC AUTHORITY accepts the Premises, the LANDLORD assigns or transfers a controlling interest of its rights in the Premises to a third party, LANDLORD must notify PUBLIC AUTHORITY of its action at least fifteen (15) working days prior to completing any such action. The new owner must provide PUBLIC AUTHORITY with evidence of completion of such action. The parties shall immediately execute an amendment to this Lease stating the change of ownership of the Premises.

(1) Within fifteen (15) working days of completing any action which affects a change in the ownership of the Premises, the new owner must provide PUBLIC AUTHORITY evidence of obtaining insurance in compliance with **Paragraph 17, INSURANCE**.

25. **INCORPORATION OF PRIOR AGREEMENT:** This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior representation, agreement, or understanding pertaining to any such matter shall be effective for any purpose except as expressly provided in this Lease.

26. **WAIVERS:** No waiver by either party of any provisions of this Lease shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provisions.

27. **AMENDMENTS:** No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successor in interest, expressing by its terms an intention to modify this Lease.
28. **SUCCESSORS:** This Lease shall inure to the benefit of and be binding upon the heirs, executors, administrators, successors, and assigns of the parties hereto.
29. **SEVERABILITY:** If any word, phrase, clause, sentence, paragraph, section, article, part or portion of this Lease is or shall be invalid for any reason, the same shall be deemed severable from the remainder hereof and shall in no way affect or impair the validity of this Lease or any other portion thereof.
30. **TIME OF ESSENCE:** Time is of the essence of each provision of this Lease which specifies a time within which performance is to occur. In the absence of any specific time for performance, performance may be made within a reasonable time.
31. **QUIET ENJOYMENT:** Subject to the provisions of this Lease and conditioned upon performance of all the provisions to be performed by PUBLIC AUTHORITY hereunder, LANDLORD shall secure to PUBLIC AUTHORITY during the Lease term the quiet and peaceful possession of the Premises and all right and privilege appertaining thereto.
32. **PROVISIONS ARE COVENANTS AND CONDITIONS:** All provisions, whether covenants or conditions, on the part of either party shall be deemed to be both covenants and conditions.
33. **CONSENT:** Whenever consent or approval of either party is required that party shall not unreasonably withhold or delay such consent or approval.
34. **EXHIBITS:** All exhibits referred to are attached to this Lease and incorporated by reference.
35. **LAW:** This Lease shall be construed and interpreted in accordance with the laws of the State of California.
36. **VENUE:** The parties acknowledge and agree that this Lease was entered into and intended to be performed in San Bernardino, California. The parties agree that the venue for any action or claim brought by any party to this Lease will be San Bernardino. Each party hereby waives any law or rule of court which would allow them to request or demand a change of venue. If any action or claim concerning this Lease is brought by any third party, the parties hereto agree to use their best efforts to obtain a change of venue to the Central District of San Bernardino.
37. **ATTORNEYS' FEES AND COSTS:** If any legal action is instituted to enforce or declare any party's rights hereunder, each party, including the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys' fees directly arising from any third party legal action against either party, including, without limitation, such costs and attorneys' fees payable under **Paragraph 16, HOLD HARMLESS, Paragraph 48, PUBLIC RECORDS DISCLOSURE, and Paragraph 47, HAZARDOUS SUBSTANCES.**

38. **JURY TRIAL WAIVER:** LANDLORD and PUBLIC AUTHORITY hereby waive their respective right to trial by jury and agree to accept trial by judge alone of any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by either LANDLORD against PUBLIC AUTHORITY or PUBLIC AUTHORITY against LANDLORD on any matter whatsoever arising out of, or in any way connected with, this Lease, the relationship of LANDLORD and PUBLIC AUTHORITY, PUBLIC AUTHORITY's use or occupancy of the Premises, or any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

39. **PUBLIC AUTHORITY'S RIGHT TO TERMINATE LEASE:** The PUBLIC AUTHORITY shall have the right to terminate this Lease at any time whenever PUBLIC AUTHORITY, in its sole discretion, determines it would be in PUBLIC AUTHORITY's best interests to terminate this Lease. PUBLIC AUTHORITY shall give LANDLORD notice of any termination pursuant to this paragraph at least ninety (90) days prior to the date of termination. In the event PUBLIC AUTHORITY terminates this Lease pursuant to this paragraph, the LANDLORD shall have the right to receive from PUBLIC AUTHORITY only the following amounts under this Lease:

a. If on the date of termination, the PUBLIC AUTHORITY has been in possession of the Premises for at least three (3) years after the date of commencement of the initial term of this Lease, the LANDLORD shall be entitled to the rent which will have been earned at the date of termination of this Lease.

b. If on the date of termination, the PUBLIC AUTHORITY has not occupied the Premises or has not been in possession of the leased Premises for at least three (3) years after the date of commencement of the initial term of the Lease, the LANDLORD shall be entitled to the rent which will have been earned at the date of termination of this Lease and the amount of unpaid rent which would have been earned had the date of termination been on the date when the PUBLIC AUTHORITY would have been in possession of the Premises for at least three (3) years after the date of commencement of the initial term of this Lease.

c. The total amount which the LANDLORD is entitled to receive under this paragraph shall be paid in monthly installments equal to the monthly rent being paid at the date of termination. The installment payments under this paragraph shall commence on the date after the date of termination when the next monthly rent would have been due, and shall continue until the total amount is paid in full. No interest or service charge shall be added to the total amount due.

d. Unless specifically stated otherwise, the PUBLIC AUTHORITY's rental and reimbursement obligations under this paragraph are limited to a PUBLIC AUTHORITY termination of the Lease under this paragraph and do not apply to any termination pursuant to any other paragraph of the Lease. The obligation of PUBLIC AUTHORITY under Paragraph 39. shall be offset by the amount of rent or compensation for loss of income that LANDLORD receives.

40. **LANDLORD'S IMPROVEMENTS:**

a. LANDLORD, at its cost, agrees to make the improvements to the Premises set forth in Exhibit "A", Premises Specifications ("Improvements"). The Improvements shall be completed by the Commencement Date.

b. LANDLORD understands and agrees that from the time that this agreement is executed through the completion of the Improvements pursuant to Exhibit "A", Premises Specifications, and acceptance of the improved Premises by PUBLIC AUTHORITY, LANDLORD shall not assign or transfer a controlling interest in the Premises to a third party, without PUBLIC AUTHORITY's prior review and approval.

(1) LANDLORD understands and agrees to provide to PUBLIC AUTHORITY all documents and relevant information concerning any proposed transfer. PUBLIC AUTHORITY will have ten (10) working days after receiving all such documents and information to complete its review. Upon PUBLIC AUTHORITY approval of an assignment or transfer, the parties shall immediately execute an amendment to this Lease stating the change of ownership of the Premises.

c. LANDLORD understands and agrees not to make any modifications to the improvement plans and specifications as set forth in Exhibit "A", Premises Specifications, without first obtaining approval in the form of an amendment to this Lease. Any changes to these plans and specifications, without first acquiring said approval, will be at the expense of the LANDLORD and not the PUBLIC AUTHORITY.

d. In the event LANDLORD contracts for the construction of any portion of the Improvements set forth in Exhibit "A", Premises Specifications, LANDLORD shall comply with the applicable portions of Labor Code Section 1720.2 and 1770 et seq. regarding general prevailing wages.

41. **CAPTIONS, TABLE OF CONTENTS AND COVER PAGE:** The paragraph captions, table of contents and the cover page of this Lease shall have no effect on its interpretations.

42. **SURVIVAL:** The obligations of the parties which, by their nature, continue beyond the term of this Lease, will survive the termination of this Lease.

43. **FORMER PUBLIC AUTHORITY OFFICIALS:**

LANDLORD agrees to provide or has already provided information on former County administrative officials (as defined below) who are employed by or represent LANDLORD. The information provided includes a list of former County administrative officials who terminated County employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of LANDLORD. For purposes of this provision, "County administrative official" is defined as a member of the County Board of Supervisors or such officer's staff, County Administrative Officer or member of such officer's staff, County department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit. (See Exhibit "C", List of Former County Officials.)

44. **BROKER'S COMMISSIONS:** LANDLORD is solely responsible for the payment of any commissions to any broker who has negotiated or otherwise provided services in connection with this Lease.

45. **ESTOPPEL CERTIFICATES:** Each party within thirty (30) days after notice from the other party, shall execute and deliver to other party, in recordable form, a certificate stating that this Lease is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate also shall state the amount of minimum monthly rent, the dates to which the rent has been paid in advance, the amount of any security deposit or prepaid rent, and that there are no uncured defaults or specifying in reasonable detail the nature of any uncured default claimed. Failure to deliver the certificate within thirty (30) days shall be conclusive upon the party requesting the certificate and any successor to the party requesting the certificate, that this Lease is in full force and effect and has not been modified except as may be represented by the party requesting the certificate, and that there are no uncured defaults on the part of the party requesting the certificate. The estoppel certificate shall be in the form as shown in Exhibit "D", Estoppel Certificate.

46. **SUBORDINATION AND ATTORNMENT:**

a. As a condition precedent to the PUBLIC AUTHORITY's obligations under this Lease, LANDLORD shall obtain from each holder of a lien or encumbrance on the Premises which is senior to this Lease either an executed recordable subordination agreement which subordinates such lien or encumbrance to this Lease, or a non-disturbance agreement which contains terms at least as favorable to the PUBLIC AUTHORITY as those set forth in paragraph 2 ("Non-disturbance") of Exhibit "E", Subordination, Non-disturbance and Attornment Agreement, hereto.

b. If, after execution of this Lease, a subsequent lienor requires that this Lease be subordinate to any such encumbrance, this Lease shall be subordinate to that encumbrance if, and only if, LANDLORD first obtains from the subsequent lien or an executed subordination, non-disturbance and Attornment agreement, the terms of which are at least as favorable to the PUBLIC AUTHORITY as those set forth in Exhibit "E", Subordination, Non-disturbance and Attornment Agreement hereto. If the PUBLIC AUTHORITY's legal counsel approves the form of a subordination, non-disturbance and attornment agreement pursuant to this subparagraph, and if such agreement is executed by the subsequent lienor, then the PUBLIC AUTHORITY'S Executive Director is authorized on behalf of the PUBLIC AUTHORITY to, and shall, execute such agreement, and shall further execute any other documents required by the lender to accomplish the purposes of this paragraph, provided such other documents are consistent with the terms of the subordination, non-disturbance and Attornment agreement and this Lease.

47. **HAZARDOUS SUBSTANCES:**

a. LANDLORD hereby represents and warrants that, to the best of LANDLORD's knowledge, information and belief: (i) the Premises have not been exposed to Hazardous Substances and are presently free of all Hazardous Substances; (ii) neither the LANDLORD nor any of the other current tenants, if any, on the property of which the Premises forms a part is in violation or subject to an existing, pending or threatened investigation by any governmental authority under any applicable federal, state or local law, regulation, ordinance or other legislation pertaining to air, water, or soil quality or the handling, transportation, storage, treatment, usage or disposal of Hazardous Substances; (iii) any handling, transportation, storage, treatment or use of toxic or Hazardous Substances to date has been in compliance with applicable laws; and (iv) no reportable use has occurred on the Premises to date, and the soil, groundwater and vapor on or under the Premises is free of Hazardous Substances as of the Commencement Date.

b. LANDLORD shall indemnify, protect, defend and hold PUBLIC AUTHORITY, and its agents, officers, employees harmless from and against any and all losses and/or damages, liabilities, judgments, costs, claims, expenses, penalties, including attorneys' and consultants' fees arising out of or involving the existence of any Hazardous Substances located in, abut or under the Premises prior to the Commencement Date of this Lease. LANDLORD's obligations under this Paragraph shall include, but shall not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by PUBLIC AUTHORITY, and the cost of investigation, removal, remediation, restoration and/or abatement thereof. Landlord's obligations under this provision shall survive the expiration or early termination of this Lease. No termination, cancellation or release agreement entered into by the PUBLIC AUTHORITY and LANDLORD shall release LANDLORD from its obligations under this Lease with regard to Hazardous Substances unless specifically agreed to by PUBLIC AUTHORITY in writing.

c. For the purposes of this paragraph, the following definitions shall apply:

(1) "Hazardous Substance," as used in this Lease, shall mean any product, substance or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either (i) potentially injurious to the public health, safety or welfare, the environment or the Premises; (ii) regulated or monitored by any governmental authority; or (iii) a basis for potential liability of LANDLORD or PUBLIC AUTHORITY under any applicable statute or common law theory.

(2) "Reportable use" shall mean (i) the installation or use of any above- or below-ground storage tank; (ii) the generation, possession, storage, use, transportation or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with any governmental authority and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties.

(3) The term "applicable requirements" shall be deemed to refer to all applicable laws, covenants or restrictions of record, building codes, regulations and ordinances.



48. **PUBLIC RECORDS DISCLOSURE:** All information received by the PUBLIC AUTHORITY from the LANDLORD or any source concerning this Lease, including the Lease itself, may be treated by the PUBLIC AUTHORITY as public information subject to disclosure under the provisions of the California Public Records Act, Government Code Section 6250 et seq. (the "Public Records Act"). LANDLORD understands that although all materials received by the PUBLIC AUTHORITY in connection with this Lease are intended for the exclusive use of the PUBLIC AUTHORITY, they are potentially subject to disclosure under the provisions of the Public Records Act. In the event a request for disclosure of any part or all of any information which a LANDLORD has reasonably requested PUBLIC AUTHORITY to hold in confidence is made to the PUBLIC AUTHORITY, the PUBLIC AUTHORITY shall notify the LANDLORD of the request and shall thereafter disclose the requested information unless the LANDLORD, within five (5) days of receiving notice of the disclosure request, requests nondisclosure, provides PUBLIC AUTHORITY a legally sound basis for the nondisclosure, and agrees to indemnify, defend, and hold the PUBLIC AUTHORITY harmless in any/all actions brought to require disclosure. LANDLORD waives any and all claims for damages, lost profits, or other injuries of any and all kinds in the event PUBLIC AUTHORITY fails to notify LANDLORD of any such disclosure request and/or releases any information concerning the contract received from the LANDLORD or any other source.

49. **CONDITION OF PREMISES:** LANDLORD shall deliver the Premises to PUBLIC AUTHORITY clean and free of debris on the Commencement Date and warrants to PUBLIC AUTHORITY that the plumbing, electrical systems, fire sprinkler system, lighting, air conditioning and heating systems and loading doors, if any, in the Premises shall be in good operating condition on the Commencement Date.

50. **CONDEMNATION:** If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (all of which are herein called "condemnation"), this Lease shall terminate as to the part so taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of the floor area of the Premises, or more than twenty-five percent (25%) of the portion of the Common Areas or that portion of the Premises designated for PUBLIC AUTHORITY'S parking, is taken by condemnation, PUBLIC AUTHORITY may, at PUBLIC AUTHORITY'S option, to be exercised in writing within thirty (30) days after LANDLORD shall have given PUBLIC AUTHORITY written notice of such taking (or in the absence of such notice, within thirty (30) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If PUBLIC AUTHORITY does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the rent shall be reduced in the same proportion as the rentable floor area of the Premises taken bears to the total rentable floor area of the Premises. No reduction of rent shall occur if the condemnation does not apply to any portion of the Premises. PUBLIC AUTHORITY shall be entitled to receive the following amounts of any award for the taking of all or any part of the Premises under the power of eminent domain or any payment made under threat of the exercise of such power: (a) one hundred percent (100%) of any amount attributable to any excess of the market value of the Premises for the remainder of the Lease Term over the present value as of the Termination Date of the Rent payable for the remainder of the Lease Term (commonly referred to as the "bonus value" of the Lease); and (b) PUBLIC AUTHORITY shall have the right to make a separate claim in the Condemnation proceeding for: (i) The taking of the amortized or undepreciated value of any trade fixtures or leasehold improvements owned by PUBLIC AUTHORITY that PUBLIC AUTHORITY has the right to remove

at the end of the Lease term and that PUBLIC AUTHORITY elects not to remove; (ii) Reasonable removal and relocation costs for any trade fixtures or leasehold improvements that PUBLIC AUTHORITY has the right to remove and elects to remove (if Condemnor approves of the removal); (iii) Loss of goodwill; (iv) Relocation costs under Government Code section 7262, the claim for which PUBLIC AUTHORITY may pursue by separate action independent of this Lease; and (v) Any other amount in addition to the foregoing that the PUBLIC AUTHORITY is allowed under condemnation law. PUBLIC AUTHORITY shall have the right to negotiate directly with Condemnor for the recovery of the portion of the Award that PUBLIC AUTHORITY is entitled to under **subparagraph (b)** of this paragraph. In the event that this Lease is not terminated by reason of such condemnation, LANDLORD shall repair any damage to the Premises caused by such condemnation authority pursuant to **Paragraph 12, MAINTENANCE**, and **Paragraph 18, DESTRUCTION OF PREMISES**.

51. **ASSIGNMENT AND SUBLETTING:**

a. Except as otherwise provided in this Paragraph 52, PUBLIC AUTHORITY shall, in the limited circumstances defined in subparagraph f., below, obtain LANDLORD's written consent before entering into or permitting any Transfer. A "Transfer" consists of any of the following, whether voluntary or involuntary, and whether effected by death, operation of law, or otherwise:

(1) Any assignment, mortgage, pledge, encumbrance, or other transfer of any interest in this Lease; and

(2) Any sublease or occupancy of any portion of the Premises by any persons other than PUBLIC AUTHORITY and its employees, invitees, guests, and agents.

Any person to whom any Transfer is made or sought to be made is a "Transferee."

b. LANDLORD's Remedies. If a Transfer fails to comply with this Paragraph 52, LANDLORD may, at its option, do either or both of the following: (a) void the Transfer or (b) declare PUBLIC AUTHORITY in default. If LANDLORD declares PUBLIC AUTHORITY in default, PUBLIC AUTHORITY has ten business days in which to cure the default after receiving written notice of the default from LANDLORD.

c. Before entering into or permitting any Transfer, PUBLIC AUTHORITY shall provide in writing to LANDLORD a "Transfer Notice" at least thirty days before the proposed effective date of the Transfer. The Transfer Notice shall include regarding the proposed Transferee, including the name, address, and ownership of Transferee; the nature of Transferee's business; and, if the Transferee will be an assignee of this Lease or a subtenant for more than 20% of the Rentable Square Footage of the Premises, current financial statements of Transferee (certified by an officer, a partner, or an owner of Transferee). To be effective, the Transfer Notice shall be accompanied by a payment of \$250.00 as reimbursement for LANDLORD's related processing and legal expenses.

d. Within five business days of receipt of the Transfer Notice, LANDLORD shall notify PUBLIC AUTHORITY in writing if the Transfer Notice is complete. If it is not, LANDLORD shall inform PUBLIC AUTHORITY of the additional information required to make the Transfer Notice complete. Within three business days of receipt of any additional information LANDLORD requests from time to time, LANDLORD shall notify PUBLIC AUTHORITY in writing if the Transfer Notice is

complete. If LANDLORD fails to respond within the required time, the Transfer Notice shall be considered complete. Although LANDLORD may condition its consent to a Transfer on LANDLORD's reasonable approval of the final Transfer documentation, LANDLORD may not require the final documentation for completion of the Transfer Notice. If LANDLORD consents to any Transfer

(1) LANDLORD does not agree to waive or modify the terms and conditions of this Lease;

(2) LANDLORD does not consent to any further Transfer by either PUBLIC AUTHORITY or Transferee except in compliance with this Paragraph 52;

(3) PUBLIC AUTHORITY remains liable under this Lease; and

(4) PUBLIC AUTHORITY may enter into that Transfer in accordance the Transfer occurs within six months after LANDLORD's consent.

f. LANDLORD may not unreasonably withhold its consent to any proposed Transfer that complies with this Paragraph 52. Reasonable grounds for denying consent include only the following:

(1) Transferee's character, reputation, business, or use is not consistent with the character or quality of the Building or the uses of other tenants;

(2) Transferee is either a government agency or an instrumentality of one, but only if the Transferee would create a security risk or would place a disproportionate burden on building services.

(3) Transferee's financial condition is inadequate to support the Lease obligations of the tenant under this Lease; or

(4) The Transfer would cause LANDLORD to violate another lease or agreement to which LANDLORD is a party or would give another tenant of LANDLORD the right to cancel its lease.

g. Within twenty days after receiving the completed Transfer Notice, LANDLORD shall approve or disapprove the proposed Transfer in writing. If LANDLORD disapproves the Transfer, LANDLORD shall provide a reasonably detailed written explanation. If LANDLORD fails to respond within the required time, LANDLORD shall, at PUBLIC AUTHORITY's option, be considered to have consented to the Transfer.

h. If this Lease is assigned, LANDLORD may collect rent directly from Transferee. If all or part of the Premises is subleased and PUBLIC AUTHORITY defaults, LANDLORD may collect rent directly from Transferee. LANDLORD may then apply the amount collected from Transferee to PUBLIC AUTHORITY's monetary obligations under this Lease. Collecting Rent from a Transferee or applying that Rent to PUBLIC AUTHORITY's monetary obligations does not waive any provisions of this Paragraph 52.

52. **SECURITY:** PUBLIC AUTHORITY hereby acknowledges that LANDLORD shall have no obligation to provide guard service or other security measures for the benefit of the Premises or of the building of which it is a part. Nothing contained in this Lease shall prevent LANDLORD, at its option, from providing security protection to the extent it determines.

53. **AUTHORIZED SIGNATORS:** Both parties to this Lease represent that the signators executing this document are fully authorized to enter into this agreement.

54. **INTERPRETATIONS:** As this agreement was jointly prepared by both parties, the language in all parts of this agreement shall be construed, in all cases, according to its fair meaning, and not for or against either party hereto.

\* \* \* \* \*

\* \* \* \* \*

\* \* \* \* \*

\* \* \* \* \*

55. **MATERIAL MISREPRESENTATION:** If during the course of the administration of this lease, the PUBLIC AUTHORITY determines that the LANDLORD has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the PUBLIC AUTHORITY, this lease may be immediately terminated. If this lease is terminated according to this provision, the PUBLIC AUTHORITY is entitled to pursue any available legal remedies.

**END OF LEASE TERMS.**

**SAN BERNARDINO COUNTY IN-HOME  
SUPPORTIVE SERVICES PUBLIC AUTHORITY**

**LANDLORD: ARROWHEAD  
PROFESIONAL CENTER, L.P.**

\_\_\_\_\_  
Fred Aguiar, Chairperson, Board of Directors

Dated:\_\_\_\_\_

By:\_\_\_\_\_  
Steve Moffatt, General Partner

Dated:\_\_\_\_\_

By:\_\_\_\_\_  
Cheryl Moffatt, General Partner

Dated:\_\_\_\_\_

SIGNED AND CERTIFIED THAT A COPY  
OF THIS DOCUMENT HAS BEEN DELIVERED  
TO THE CHAIRMAN OF THE BOARD

J. RENEE BASTIAN, SECRETARY of the Board  
of Directors

By:\_\_\_\_\_  
Deputy

Date:\_\_\_\_\_

Approved as to Legal Form:  
ALAN K. MARKS, PUBLIC AUTHORITY Counsel

By:\_\_\_\_\_  
Fiona Luke, Deputy

Dated:\_\_\_\_\_

**EXHIBIT "C"**

**LIST OF FORMER COUNTY OFFICIALS**

**INSTRUCTIONS:** List the full name of the former COUNTY Administrative Official, the title/description of the Official's last position with the COUNTY, the date the Official terminated COUNTY employment, the Official's current employment and/or representative capacity with the LANDLORD, the date the Official entered LANDLORD's employment and/or representation.

**OFFICIAL'S NAME:**

**REQUIRED INFORMATION**

**EXHIBIT "D" - ESTOPPEL CERTIFICATE**

Date: \_\_\_\_\_

To: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Re: \_\_\_\_\_,  
(address) (city)

The undersigned ("County") hereby certifies as follows:

1. County is in possession of \_\_\_\_\_, \_\_\_\_\_, California (the "Premises"). County leases the Premises under a written Lease agreement dated \_\_\_\_\_, 20\_\_\_\_, Lease Agreement No. \_\_\_\_\_ (the "Lease"), wherein County is the lessee or tenant, and \_\_\_\_\_, ("Owner") is the lessor or landlord.

2. The Lease is in full force and effect and has not been amended, supplemented or changed, except as follows:

3. The term of the Lease commenced on \_\_\_\_\_, 20\_\_\_\_, and is scheduled to expire \_\_\_\_\_, 20\_\_\_\_. County has no right or option to renew or extend the term of the Lease except as to the following: \_\_\_\_\_ (\_\_\_\_) \_\_\_\_\_-year options.

4. County's current monthly rental is \$\_\_\_\_\_.\_\_\_\_, payable on the last day of each month.

5. County currently has no security deposit with Owner.

6. County is not in default under the terms of the Lease and no condition exists which, with the passage of time or the giving of notice, or both, would constitute such a default. To the best of County's knowledge, Owner is not in default under the terms of the Lease, and no condition exists which, with the passage of time or the giving notice, or both, would constitute such a default.

7. County hereby certifies that the foregoing is true and correct.

San Bernardino County In-Home Supportive  
Services Public Authority

By: \_\_\_\_\_  
Executive Director





**EXHIBIT "E"**

RECORDED AT REQUEST OF  
AND TO BE RETURNED TO:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

**SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT**

THIS SUBORDINATION, NONDISTURBANCE AND ATTORNMENT AGREEMENT ("Agreement") is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_ ("Tenant"), and \_\_\_\_\_ ("Lender").  
(name) (type of entity)

**Recitals**

A. Tenant entered into a certain Lease Agreement, dated as of \_\_\_\_\_, 20\_\_ (the "Lease"), between Tenant, as lessee, and \_\_\_\_\_ ("LANDLORD"), as lessor, pertaining to that certain premises commonly known as \_\_\_\_\_, \_\_\_\_\_, California \_\_\_\_\_ (zip code), as more particularly described in the Lease ("Premises"), located on that certain real property located in the County of San Bernardino, State of California, as more particularly described in Exhibit "A", attached hereto and incorporated herein (the "Property"). Original LANDLORD shall be referred to as "Borrower".

B. Borrower made, executed and delivered, or is about to make, execute and deliver to Lender a certain promissory note, dated substantially contemporaneously herewith ("the Note"), in the original principal sum of \$\_\_\_\_\_. The obligations evidenced by the Note shall be referred to as the "Loan". The Note is executed pursuant to the terms of a certain Construction Loan Agreement, dated substantially contemporaneously herewith (the "Loan Agreement"), between Lender and LANDLORD.

C. Borrower has executed and delivered, or is about to execute and deliver to Lender, a certain Deed of Trust and Assignment of Rents, dated substantially contemporaneously herewith (the "Deed of Trust"), encumbering the Property to secure the Loan.

D. It is a condition precedent to the Loan that the Deed of Trust shall unconditionally be and remain at all times a lien or charge upon the Property, prior and superior to the Lease.

E. It is a condition precedent to the Loan that Tenant will specifically and unconditionally subordinate and subject the Lease, together with all rights and privileges of Tenant thereunder, to the lien or charge of the Deed of Trust.

F. It is to the mutual benefit of the parties hereto that Lender and Borrower enter into the Loan.

### **Covenants**

In consideration of the recitals set forth above and the covenants and agreements contained herein, the parties agree as follows:

1. **Subordination:** Tenant hereby subordinates all of Tenant's right, title, interest and leasehold estate in and to the Premises to the lien, operation, and effect of the Deed of Trust.

2. **Nondisturbance:** Tenant's peaceful and quiet possession of the Premises shall not be disturbed and Tenant's rights and privileges under the Lease, including but not limited to the provisions of the Lease set forth under the headings "TERM," "EXPANSION OF RENTAL SPACE," "OPTION TO EXTEND TERM," "HOLD HARMLESS," "INSURANCE," "DESTRUCTION OF PREMISES," "COUNTY'S RIGHT TO TERMINATE LEASE," and "CONDEMNATION," shall not be diminished by Lender's foreclosure, acceptance of a deed in lieu of foreclosure, or any other exercise of Lender's rights or remedies under the Deed of Trust, the Note, the Loan Agreement, any other loan document, or the laws governing secured loans. All of the provisions of the Lease shall prevail over any conflicting provisions in the Deed of Trust, the Note, the Loan Agreement, any other loan document, or the laws governing secured loans. Tenant shall not be named or joined in any foreclosure, trustee's sale, or other proceeding or action to enforce the Deed of Trust, the Note, the Loan Agreement, any other loan document, unless such joinder shall be legally required to perfect such foreclosure, trustee's sale, or other proceeding or action.

3. **Attornment:** If the Deed of Trust is foreclosed for any reason, or LANDLORD deeds the Property to Lender in lieu of foreclosure, the Lease shall not be extinguished and Tenant shall be bound to Lender under all the terms, covenants, and conditions of the Lease for the balance of the term of the Lease with the same force and effect as if Lender was the lessor under the Lease. Tenant shall attorn to Lender as Tenant's Lessor, and agrees to recognize Lender as the new owner and promises to pay the rent to Lender as LANDLORD. This attornment shall be effective and self-operative, without the execution of any other instruments on the part of any of the parties to this Agreement, immediately upon Lender succeeding to the interest of LANDLORD under the Lease.

4. **Disbursements:** Lender is under no obligation or duty to monitor the application of the proceeds of the Loan. Any application of such proceeds for purposes other than those provided for in the Loan Agreement or any of the other Loan Documents shall not defeat the effect of this Agreement in whole or in part.

5. Acknowledgment of Assignment: Tenant acknowledges and consents to the assignment of LANDLORD's rights under the Lease to Lender pursuant to a certain Assignment of Leases (the "Assignment"). Tenant shall pay rent to Lender upon receipt of written notice from Lender that Lender has revoked the waiver of LANDLORD's right to receive the rents from the Premises pursuant to the Assignment, notwithstanding the fact that Lender has not foreclosed the Deed of Trust, nor succeeded to the interest of LANDLORD under the Lease. Tenant shall not be liable to LANDLORD for any payments made to Lender hereunder.

6. Assignment or Sublease: Tenant may assign or sublease all or any portion of the Property in accordance with the Lease, but no such assignment, transfer, or subletting shall relieve Tenant of any of its obligations under the Lease. Tenant hereby covenants that the Lease has not been modified or altered. Tenant shall not enter into or agree to any amendment or modification to the Lease with LANDLORD, without the prior written consent of Lender. Tenant shall not voluntarily subordinate or subject the Lease or any interest therein to any lien or encumbrance without the prior written consent of Lender, unless said lien or encumbrance shall relate to personal property that can be removed without damage to the Premises, or unless such subordination is required by the Lease.

7. Notices: Tenant shall deliver to Lender a copy of all notices, requests, or demands delivered by Tenant to LANDLORD in accordance with this Paragraph. Tenant shall also deliver to Lender any and all notices, demands, or requests received by Tenant from LANDLORD relating to any of the aforesaid. Lender shall deliver to Tenant all notices, requests or demands in accordance with this Paragraph. All notices required hereunder or pertaining hereto shall be in writing and shall be deemed delivered and effective upon the earlier of (i) actual receipt; or (ii) the date of delivery or refusal of the addressee to accept delivery if such notice is sent by express courier service or United States mail, postage prepaid, certified or registered, return receipt requested; or (iii) the date of delivery if such notice is sent by facsimile, in each case, to the applicable address as follows:

to Tenant: Internal Services Group  
Real Estate Services Department  
825 East Third Street  
San Bernardino, California 92415-0832  
Facsimile No.: (909) 387-7833

to LANDLORD: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

to Lender: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
Attn: \_\_\_\_\_

Facsimile No.: \_\_\_\_\_

Notwithstanding the foregoing, any notice under or pertaining to this Agreement, given and effective in accordance with applicable law, shall be effective for purposes hereof. Any party may change the address at which it is to receive notices hereunder to another business address within the United States (but not a post office box or similar mail receptacle) by giving notice of such change of address in accordance herewith.

8. LANDLORD's Default: Tenant hereby agrees that Tenant will notify Lender in writing, in accordance with **Paragraph 7 above**, of any default by LANDLORD under the terms of the Lease and Tenant shall not cancel or terminate, or acquiesce to the cancellation or termination of the Lease without giving Lender a reasonable period (not less than 30 days) after delivery of such notice to cure the default; Lender's rights and remedies under the Loan Agreement or any of the Loan Documents (as defined in the Loan Agreement) shall not be prejudiced by its exercise or failure to exercise the right to cure described above. Except for LANDLORD's defaults under **Paragraph 3, "TERM"**, of the Lease, relating to LANDLORD's failure to meet the Critical Completion Dates as set forth in Exhibit "A", Page 4, Schedule of Completion, if Lender elects within such thirty (30) day period to foreclose on the Deed of Trust, such time period shall be extended so that Lender shall have a reasonable period within which to foreclose the Deed of Trust and shall have an additional thirty (30) days from the time Lender becomes owner of the Property through foreclosure within which to cure such default. If any default by LANDLORD is cured within the time periods described above, Tenant shall have no right to terminate the Lease by virtue of such default.

9. Binding Effect: This Agreement shall be binding upon the parties and their respective heirs, personal representatives, successors, and assigns.

10. Law: This Lease shall be construed and interpreted in accordance with the laws of the State of California.

11 Jury Trial Waiver: The parties hereby waive their respective right to trial by jury and agree to accept trial by judge alone for any cause of action, claim, counterclaim or cross-complaint in any action, proceeding and/or hearing brought by any party against the other on any matter whatsoever arising out of, or in any way connected with, this Lease, the relationship of the tenant to the borrower or the borrower to the tenant, tenant's use or occupancy of the Property, or any claim of injury or damage, or the enforcement of any remedy under any law, statute, or regulation, emergency or otherwise, now or hereafter in effect.

12. Attorneys' Fees and Costs: If any legal action is instituted to enforce or declare any party's rights hereunder, each party, regardless of which party is the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys' fees directly

arising from any third party legal action against a party hereto and payable under Paragraph \_\_\_\_, "HOLD HARMLESS".

13. Venue: The parties acknowledge and agree that this Lease was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue for any action or claim brought by any party to this Lease will be San Bernardino County. Each party hereby waives any law or rule of court which would allow them to request or demand a change of venue. If any action or claim concerning this Lease is brought by any third party, the parties hereto agree to use their best efforts to obtain a change of venue to the Central District of San Bernardino County.

14. Counterparts: This Agreement may be executed by the parties in counterparts, and when any one or more copies of this Agreement have been executed by all of the parties, this Agreement shall be effective, and all of such copies shall be deemed and construed to be one agreement.

\* \* \* \* \*

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

**Tenant:**

San Bernardino County In-Home  
Supportive Services Public Authority:

\_\_\_\_\_  
Executive Director

Date:\_\_\_\_\_

SIGNED AND CERTIFIED THAT  
A COPY OF THIS DOCUMENT  
HAS BEEN DELIVERED TO THE  
CHAIRPERSON OF THE BOARD

J. RENEE BASTIAN, Clerk of the  
Board of Directors

By:\_\_\_\_\_

**Lender:**

\_\_\_\_\_

\_\_\_\_\_

By:\_\_\_\_\_  
(Name)

Title:\_\_\_\_\_

Date:\_\_\_\_\_

**LANDLORD:**

By:\_\_\_\_\_

Deputy

Date: \_\_\_\_\_

Title: \_\_\_\_\_

Approved as to Legal Form:

ALAN K. MARKS, Public Authority Counsel

By: \_\_\_\_\_

Deputy

Date: \_\_\_\_\_